



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA**

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Expedited Application Of Southern California  
Edison Company (U 338-E) Regarding Energy  
Resource Recovery Account Trigger Mechanism

Application No. 20-08-XXX

**EXPEDITED APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY**  
**(U 338-E) REGARDING ENERGY RESOURCE RECOVERY ACCOUNT**  
**TRIGGER MECHANISM**

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Dated: **August 31, 2020**

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(U 338-E) REGARDING ENERGY RESOURCE RECOVERY ACCOUNT  
TRIGGER MECHANISM**

**I.**

**DESCRIPTION OF APPLICATION**

Southern California Edison Company (SCE) files this Energy Resource Recovery Account (ERRA) Trigger Application (ERRA Trigger Application or Application) in compliance with Section 454.5(d)(3) of the Public Utilities Code, and Decisions (D.) 02-10-062, D.04-12-048, D.06-06-051 and D.19-12-001 of the California Public Utilities Commission (Commission or CPUC). As discussed in this Application and in the supporting testimony (Exhibit SCE-01), as of July 31, 2020, SCE's ERRA trigger balance (ERRA Trigger Balance) exceeded the five percent threshold established in Assembly Bill (AB) 57 (Stats. 2002, Ch. 835) with no self-correction expected within 120 days at that time.<sup>1</sup> However, due to the extreme weather conditions and resulting market impacts that began on August 14, 2020, SCE's most current forecast, which incorporates actual market impacts through August 22, 2020, significantly

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<sup>1</sup> Self-correction is defined as an ERRA Trigger Balance that is below the five percent threshold amount. *See* D.19-12-001, p. 31.

changes the ERRA Trigger Balance forecast – including the potential for self-correction as soon as the end of August. Due to this uncertainty and other limitations of implementing a rate change, SCE requests authority to maintain all ERRA-related rates at their current levels and address the final year-end balances that comprise the ERRA Trigger Balance in SCE’s 2021 ERRA Forecast Application (A.) 20-07-004.

Pursuant to D.02-10-062, expedited trigger applications are to be submitted for approval within 60 days of the filing date.<sup>2</sup> For reasons discussed herein, SCE requests that the Administrative Law Judge (ALJ) assigned to this matter issue a ruling on or by September 4, 2020, shortening the protest period from 30 days to 10 days with 2 days for SCE to file a reply, given the expedited nature of this proceeding.

## II.

### **SUMMARY OF REQUESTS**

This Application contains a proposed, expedited schedule and SCE respectfully requests that the Commission issue a timely decision in this proceeding that:

- (1) finds that SCE complied with the requirements of D.02-10-062 and D.19-12-001; and
- (2) allows SCE to maintain all ERRA-related rates at their current levels; and
- (3) grants SCE’s proposal to address the ERRA Trigger Balance in SCE’s 2021 ERRA Forecast Application; or
- (4) consolidates (through a ruling or decision) this proceeding with SCE’s 2021 ERRA Forecast proceeding; or
- (5) otherwise dismisses this Application as moot in light of SCE’s pending 2021 ERRA Forecast Application.

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<sup>2</sup> D.02-10-062, p. 65.

### III.

#### **STATUTORY AND REGULATORY REQUIREMENTS**

##### **A. Statutory and Other Authority – Rule 2.1**

SCE makes this Application pursuant to D.02-10-062, D.04-12-048, D.19-12-001, and Public Utilities Code Section 454.5(d)(3). Pursuant to AB 57, the Commission established the ERRA Balancing Account (ERRA BA) in 2002 to record the investor-owned utilities' (IOU) fuel and purchased (F&PP) power revenues against actual recorded costs, excluding revenues collected for the California Department of Water Resources (CDWR).<sup>3</sup> AB 57 also mandated the trigger threshold for the balance in the ERRA BA of five percent of the electric utility's actual recorded generation revenues for the prior calendar year:<sup>4</sup>

The commission shall review the power procurement balancing accounts, not less than semi-annually, and shall adjust rates or order refunds, as necessary, to promptly amortize a balancing account, according to a schedule determined by the commission. Until January 1, 2006, the commission shall ensure that any overcollection or undercollection in the power procurement balancing account does not exceed 5 percent of the electrical corporation's actual recorded generation revenues for the prior calendar year excluding revenues collected for the Department of Water Resources. The commission shall determine the schedule for amortizing the overcollection or undercollection in the balancing account to ensure that the 5 percent threshold is not exceeded. After January 1, 2006, this adjustment shall occur when deemed appropriate by the commission consistent with the objectives of this section.

In accordance with D.02-10-062, which implemented the provisions of AB 57, the ERRA BA is subject to a trigger mechanism that requires a rate adjustment when the recorded monthly balance (undercollection or overcollection) exceeds a four percent trigger point and when the balance is forecasted to exceed the five percent threshold amount.<sup>5</sup> Prior to 2019, the ERRA Trigger mechanism applied solely to the balance in the ERRA BA. However, the recovery of

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<sup>3</sup> Public Utilities Code Section 454.5(d)(3), enacted by AB 57.

<sup>4</sup> *Id.*

<sup>5</sup> D.02-10-062, p. 65.

F&PP costs changed with the adoption of D.18-10-019, which led to the establishment of the Portfolio Allocation Balancing Account (PABA). As a result of D.18-10-019, the ERRA Trigger Balance is now the summation of the balance in the ERRA BA and the bundled service customers' share of the PABA balance.<sup>6</sup> The trigger mechanism considers the relationship between the ERRA Trigger Balance and the prior year's recorded electric generation revenues, excluding the CDWR revenues.

Accordingly, the Commission established a "minimum balance" approach for rate adjustments. Instead of changing rates when the recorded ERRA Trigger Balance exceeds or reaches five percent of the prior year's recorded generation revenues, excluding revenues collected for CDWR (referred to as the AB 57 or Trigger Threshold), the Commission directed the IOUs to file expedited applications for approval within 60 days from the date when the ERRA Trigger Balance reaches four percent (referred to as the Trigger Point). The expedited application is to: 1) include a projected account balance 60 days or more from the date of filing depending upon when the ERRA Trigger Balance will reach the Trigger Threshold; 2) propose an amortization period of not less than 90 days to ensure timely recovery of the projected ERRA Trigger Balance; and 3) include an allocation of the over- or undercollection among customers for rate adjustments based upon an existing allocation methodology recognized by the Commission.<sup>7</sup>

The trigger mechanism was modified in D.06-06-051 to allow SCE to notify the Commission through an advice letter instead of an expedited application when the ERRA Trigger Balance exceeds the Trigger Point and SCE does not seek a change in rates because the ERRA Trigger Balance is expected to self-correct above/below the Trigger Threshold within 120 days of the advice letter submission. In D.19-12-001, the Commission further clarified the requirements related to when SCE is permitted to submit an advice letter to address an ERRA

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<sup>6</sup> See Advice 4084-E, which modified Preliminary Statement, Part ZZ (ERRA BA), to reflect the updated calculation of the ERRA Trigger Balance.

<sup>7</sup> *Id.*, pp. 65-66.

Trigger Balance that exceeds both the Trigger Point and Threshold Amount and when SCE is obligated to file an expedited application instead. Specifically, SCE is required to notify the Commission via an advice letter submittal instead of an expedited application, within 30 days of exceeding its Trigger Point, when SCE determines there is a reasonable expectation that the ERRA Trigger Balance will self-correct within 120 days.<sup>8</sup> However, SCE is obligated to file an expedited application instead of submitting an advice letter when SCE cannot reasonably determine whether the ERRA Trigger Balance will self-correct within 120 days.<sup>9</sup>

SCE is filing this Application in compliance with D.02-10-062 and D.19-12-001, which require SCE to file an expedited ERRA trigger application when its ERRA Trigger Balance exceeds the Trigger Point and when the balance is forecasted to exceed the Trigger Threshold amount and where SCE cannot reasonably determine whether the ERRA Trigger Balance will self-correct within 120 days.

SCE's request complies with Rules 1.5 through 1.11 and 1.13 of the Commission's Rules of Practice and procedure, which specify the procedures for, among other things, filing documents, as well as Rules 2.1, 2.2 and 3.2.

Rule 2.1 of the Commission's Rules of Practice and Procedure requires that all applications: (1) clearly and concisely state authority or relief sought; (2) cite the statutory or other authority under which that relief is sought; and (3) be verified by the applicant.

The relief being sought is summarized in Section II above and is further described in SCE's supporting testimony served concurrently with this Application.

This Application has been verified by an SCE office as provided in Rules 1.11 and 2.1.

The remainder of Rule 2.1, as well as Rules 2.2 and 3.2, set forth further requirements that are addressed separately below.

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<sup>8</sup> D.19-12-001, OP 3.

<sup>9</sup> *Id.*, OP 4. OP 4 obligates SCE to include sufficient documentation in its advice letter submittal to show that the ERRA Trigger Balance is reasonably expected to self-correct within 120 days. If SCE cannot reasonably determine whether the ERRA Trigger Balance will self-correct or not within 120 days, SCE must file an expedited application instead.

**B. Legal Name and Correspondence – Rules 2.1(a) and 2.1(b)**

Pursuant to Rule 2.1 of the Commission’s Rules of Practice and Procedure, the full legal name of the applicant is Southern California Edison Company (SCE). SCE is a corporation organized and existing under the laws of the State of California, and is primarily engaged in the business of generating, purchasing, transmitting, distributing and selling electric energy for light, heat and power in portions of central and southern California as a public utility subject to the jurisdiction of the California Public Utilities Commission.

SCE’s principal place of business is 2244 Walnut Grove Avenue, Rosemead, California, and its post office address and telephone number are:

Southern California Edison Company  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-1212

Communications regarding this Application are to be addressed to the attention of:

Mario E. Dominguez  
Attorney, Law Department  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, CA 91770  
Telephone: (626) 302-6522  
Email: [Mario.E.Dominguez@sce.com](mailto:Mario.E.Dominguez@sce.com)

**C. Proposed Categorization, Need for Hearings, Issues to be Considered, Proposed Schedule, and Relevant Safety Considerations – Rule 2.1(c)**

Commission Rule 2.1(c) requires that all applications shall state “the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule.”

**1. Proposed Category**

SCE proposes that this proceeding be categorized as “ratesetting.”

## **2. Need for Hearings**

SCE believes that no evidentiary hearing is required for this proceeding based on the expedited nature of the ERRA Trigger Application and the fact that SCE is not seeking to recover any incremental costs or otherwise change rates through this Application.

## **3. Procedural Schedule**

In order to receive a timely final Commission decision prior to the submittal of SCE's November Update to its 2021 ERRA Forecast proceeding and consistent with D.02-10-062 requiring an approval within 60 days of filing,<sup>10</sup> SCE requests that the Administrative Law Judge (ALJ) assigned to this matter issue a ruling shortening the protest period from 30 days to 10 days with 2 days for SCE to file a reply, given the expedited nature of this proceeding, and SCE also requests that the Commission process the Application according to the following expedited schedule.

<b>DATE</b>	<b>ACTIVITY</b>
August 31, 2020	SCE files Trigger Application
TBD	Notice of Trigger Application Appears in Daily Calendar
By September 4, 2020	ALJ Issues Email Ruling Granting Expedited Protest Period
+ 10 days	Protests / Responses Due
+ 2 days	Reply to Protests / Responses Due
September 22, 2020	ALJ Issues Proposed Decision (PD)
October 9, 2020 <sup>11</sup>	Opening Comments on PD Due
October 16, 2020	Reply Comments on PD Due
October 22, 2020	Commission Adopts Final Decision

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<sup>10</sup> D.02-10-062, p. 65.

<sup>11</sup> Rule 14.6(b) of the Commission's Rules of Practice and Procedure allows the parties in the proceeding to stipulate to the shortened comment period.

**D. Organization and Qualification to Transact Business – Rule 2.2**

Rule 2.2 requires the applicant to submit a copy of its organizing documents and evidence of its qualification to transact business in California, or to refer to that document if previously filed with the Commission.

A copy of SCE's Certificate of Restated Articles of Incorporation, effective on March 2, 2006, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 14, 2006, in connection with A.06-03-020, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series D Preference Stock, filed with the California Secretary of State on March 7, 2011, and presently in effect, certified by the California Secretary of State, were filed with the Commission on April 1, 2011, in connection with A.11-04-001, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series E Preference Stock, filed with the California Secretary of State on January 12, 2012, and a copy of SCE's Certificate of Increase in Authorized Shares of the Series E Preference Stock filed with the California Secretary of State on January 31, 2012, and presently in effect, certified by the California Secretary of State, were filed with the Commission on March 5, 2012, in connection with A.12-03-004, and are by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series F Preference Stock, filed with the California Secretary of State on May 5, 2012, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 29, 2012, in connection with A.12-06-017, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series G Preference Stock filed with the California Secretary of State on January 24, 2013, and presently in effect, certified by the California Secretary of State, was filed with the Commission on January 31, 2013, in connection with A.13-01-016, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series H Preference Stock filed with the California Secretary of State on February 28, 2014, and presently in effect, certified by the California Secretary of State, was filed with the Commission on March 24, 2014, in connection with A.14-03-013, and is by reference made a part hereof.

A copy of SCE's Certificate of Determination of Preferences of the Series J Preference Stock filed with the California Secretary of State on August 19, 2015, and presently in effect, certified by the California Secretary of State was filed with the Commission on October 2, 2015, in connection with A.15-10-001, and is by reference made a part hereof..

A copy of SCE's Certificate of Determination of Preferences of the Series K Preference Stock filed with the California Secretary of State on March 2, 2016, and presently in effect, certified by the California Secretary of State, was filed with the Commission on April 1, 2016, in connection with A.16-04-001, and is incorporated herein by this reference.

A copy of SCE's Certificate of Determination of Preferences of the Series L Preference Stock filed with the California Secretary of State on June 20, 2017, and presently in effect, certified by the California Secretary of State, was filed with the Commission on June 30, 2017, in connection with A.17-06-030, and is incorporated herein by this reference.

Certain classes and series of SCE's capital stock are listed on a "national securities exchange" as defined in the Securities Exchange Act of 1934 and copies of SCE's latest Annual Report to Shareholders and its latest proxy statement sent to its stockholders has been filed with the Commission with a letter of transmittal dated March 13, 2020, pursuant to GO Nos. 65-A and 104-A of the Commission.

#### **IV.**

#### **BALANCE SHEET, INCOME STATEMENT, AND SUMMARY OF EARNINGS**

Pursuant to Rule 3.2 of the Commission's Rules of Practice and Procedure, SCE has attached hereto its most recent Balance Sheet and Income Statement as Attachment A, and its most recent Summary of Earnings as Attachment B.

**V.**

**SERVICE**

The official service list has not yet been established in this proceeding. SCE is serving this application and supporting testimony on the Commission's Public Advocates Office, as well as the service lists established by the Commission for A.20-07-004<sup>12</sup>, A.20-04-002<sup>13</sup> and R.17-06-026.<sup>14</sup>

**VI.**

**EXPEDITED TREATMENT**

SCE has included all of the data in its supporting testimony (Exhibit SCE-01) required to support its Application. SCE respectfully requests that the Commission review and approve this Application on an expedited basis, according to the schedule proposed above.

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<sup>12</sup> This is SCE's 2021 ERRRA Forecast proceeding.

<sup>13</sup> This is SCE's 2019 ERRRA Review proceeding.

<sup>14</sup> This is the Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment.

Respectfully submitted,

JANET S. COMBS  
MARIO E. DOMINGUEZ

*/s/ Mario E. Dominguez*

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By: Mario E. Dominguez

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

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August 31, 2020

**DECLARATION OF WILLIAM V. WALSH**

I, William V. Walsh, holding the title of Vice President, Energy Procurement & Management, Southern California Edison Company, have read the foregoing Expedited Application of Southern California Edison Company (U 338-E) Regarding Energy Resource Recovery Account Trigger Mechanism and know its contents. To the extent the Application states facts, I have personal knowledge that those facts are true and correct and, as to matter of which I do not have personal knowledge, I believe them to be true based upon the information available to me or my beliefs after having made reasonable inquiry into these matters.

I declare that the Application is submitted in good faith. I further declare that the relief requested is warranted under law and based upon the facts and circumstances known to me and set forth in the Application.

I have full authority to make these declaration on behalf of Southern California Edison Company, and do so under penalty of perjury.

Executed on August 31, 2020 at Rosemead, California.

Declared and executed by:

/s/ William V. Walsh  
William V. Walsh  
Vice President  
Energy Procurement & Management

**Appendix A**

**Balance Sheet and Income Statement**

SOUTHERN CALIFORNIA EDISON COMPANY

(h) A balance sheet as of the latest available date, together with an income statement covering the period from close of last year for which an annual report has been filed with the Commission to the date of the balance sheet attached to the application.

STATEMENT OF INCOME  
SIX MONTHS ENDED JUNE 30, 2020

(In millions)

OPERATING REVENUE	<u>\$ 5,760</u>
OPERATING EXPENSES:	
Purchase power and fuel	1,996
Other operation and maintenance	1,600
Wildfire insurance fund expense	167
Depreciation and amortization	972
Property and other taxes	213
Impairment and other	<u>(52)</u>
Total operating expenses	<u>4,896</u>
OPERATING INCOME	864
Interest expense	(387)
Other income	<u>134</u>
INCOME BEFORE TAXES	611
Income tax benefit	<u>(49)</u>
NET INCOME	660
Less: Preferred and preference stock dividend requirements	<u>60</u>
NET INCOME AVAILABLE FOR COMMON STOCK	<u><u>\$ 600</u></u>

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET  
JUNE 30, 2020  
ASSETS  
(in millions)

UTILITY PLANT:

Utility plant, at original cost	\$ 51,264
Less- accumulated provision for depreciation and decommissioning	10,371
	<u>40,893</u>
Construction work in progress	4,361
Nuclear fuel, at amortized cost	132
	<u>45,386</u>

OTHER PROPERTY AND INVESTMENTS:

Nonutility property - less accumulated depreciation of \$83	162
Nuclear decommissioning trusts	4,566
Special Funds and Other investments	65
	<u>4,793</u>

CURRENT ASSETS:

Cash and equivalents	254
Receivables, less allowances of \$90 for uncollectible accounts	932
Accrued unbilled revenue	629
Inventory	382
Income tax receivables	122
Prepaid expenses	49
Regulatory assets	1,692
Wildfire insurance fund contributions	323
Other current assets	145
	<u>4,528</u>

DEFERRED CHARGES:

Regulatory assets	6,528
Wildfire insurance fund contributions	2,606
Operating lease right-of-use assets	668
Long-term insurance receivable due from affiliate	803
Other long-term assets	1,424
	<u>12,029</u>
	<u>\$ 66,736</u>

SOUTHERN CALIFORNIA EDISON COMPANY

BALANCE SHEET  
JUNE 30, 2020  
CAPITALIZATION AND LIABILITIES  
(in millions)

CAPITALIZATION:

Common stock	\$ 2,168
Additional paid-in capital	4,829
Accumulated other comprehensive loss	(36)
Retained earnings	9,575
Common shareholder's equity	<u>16,536</u>
Preferred and preference stock	2,245
Long-term debt	<u>16,107</u>
Total capitalization	<u>34,888</u>

CURRENT LIABILITIES:

Short-term debt	475
Current portion of long-term debt	1,029
Accounts payable	1,657
Accrued interest	289
Customer deposits	281
Regulatory liabilities	857
Current portion of operating lease liabilities	64
Other current liabilities	949
	<u>5,601</u>

DEFERRED CREDITS:

Deferred income taxes and credits	6,708
Pensions and benefits	223
Asset retirement obligations	3,013
Regulatory liabilities	8,395
Operating lease liabilities	604
Wildfire-related claims	4,561
Other deferred credits and other long-term liabilities	2,743
	<u>26,247</u>

\$ 66,736

## **Appendix B**

### **Summary of Earnings**

Thousands of Dollars

Southern California Edison Summary of Earnings 2018 GRC Adopted Revenue Requirement Thousands of Dollars		
Line No.	Item	Total
1.	<b>Base Revenues</b>	5,115,860
2.	<b>Expenses:</b>	
3.	Operation & Maintenance	1,732,986
4.	Depreciation	1,579,362
5.	Taxes	296,269
6.	Revenue Credits	(151,220)
7.	Total Expenses	3,457,396
8.	<b>Net Operating Revenue</b>	1,658,464
9.	<b>Rate Base</b>	22,321,623
10.	<b>Rate of Return</b>	7.43%

Southern California Edison Summary of Earnings 2019 GRC Adopted Revenue Requirement Thousands of Dollars		
Line No.	Item	Total
1.	<b>Base Revenues</b>	5,450,965
2.	<b>Expenses:</b>	
3.	Operation & Maintenance	1,782,074
4.	Depreciation	1,656,845
5.	Taxes	366,005
6.	Revenue Credits	(155,758)
7.	Total Expenses	3,649,166
8.	<b>Net Operating Revenue</b>	1,801,799
9.	<b>Rate Base</b>	24,205,329
10.	<b>Rate of Return</b>	7.44%

Southern California Edison Summary of Earnings 2020 GRC Adopted Revenue Requirement Thousands of Dollars		
Line No.	Item	Total
1.	<b>Base Revenues</b>	5,860,081
2.	<b>Expenses:</b>	
3.	Operation & Maintenance	1,832,133
4.	Depreciation	1,760,137
5.	Taxes	478,767
6.	Revenue Credits	(158,663)
7.	Total Expenses	3,912,375
8.	<b>Net Operating Revenue</b>	1,947,707
9.	<b>Rate Base</b>	26,122,849
10.	<b>Rate of Return</b>	7.46%